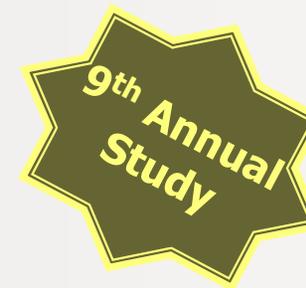




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# 2007 Iowa Employer Benefits Study<sup>©</sup>



**Legislative Commission on Affordable Health Care  
Plans for Small Businesses and Families**

September 19, 2007

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# Seal Of Approval



“ The figures reported here are tabulated from a statistically valid research study of a scientifically representative sample of Iowa employers. This study conforms to the highest methodological standards. Detailed information about the methodological aspects of this project are available from Data Point Research, Inc. ”

**Data Point Research, Inc**

# Seal Of Approval

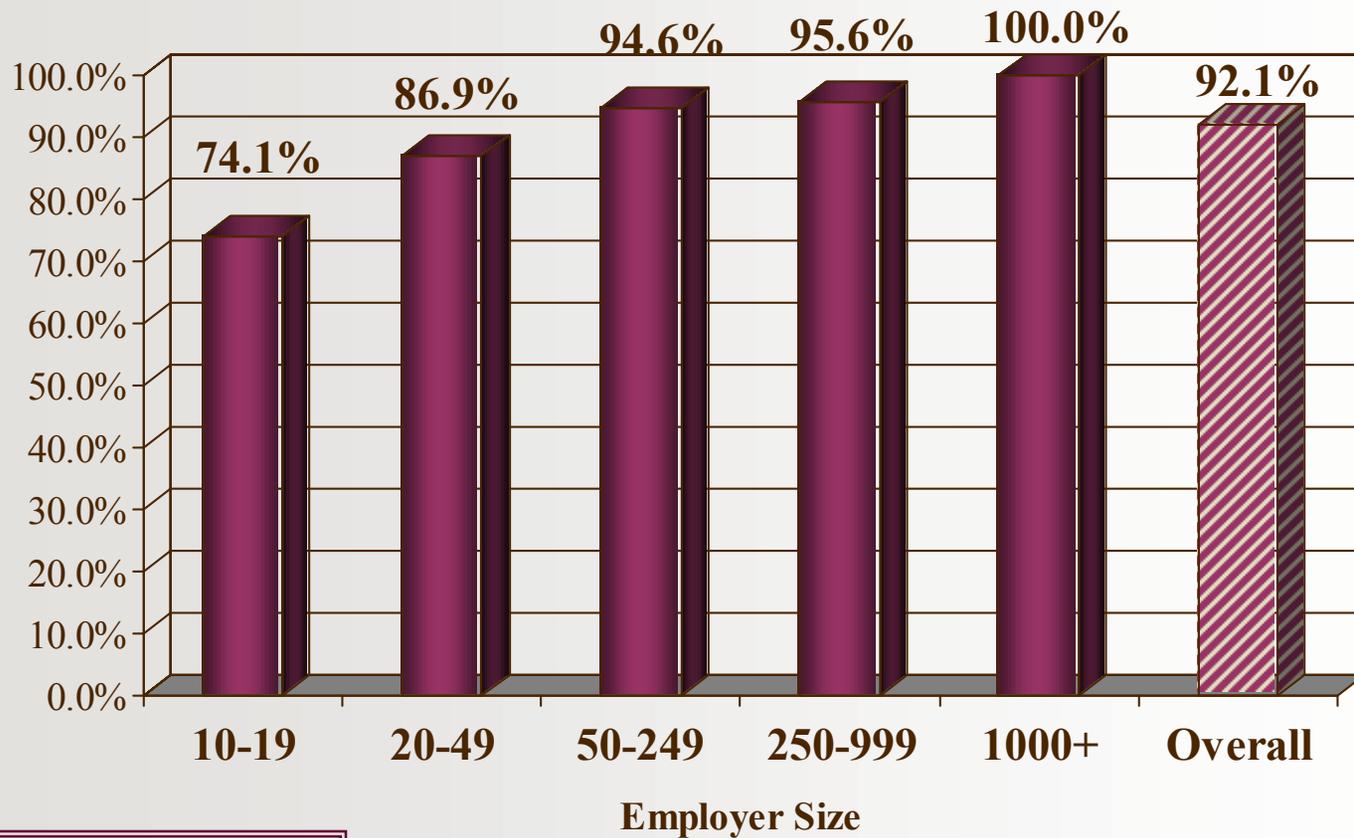


“ The response rate of this study is 43.3 percent – 819 Iowa employers responded. For the overall sample, the employee-size weighted percentages are all accurate to within plus or minus 3.3 percent, at a 95 percent confidence level. ”

**Data Point Research, Inc**

# Health Insurance in Iowa

## Employers Offering Health Insurance Benefits



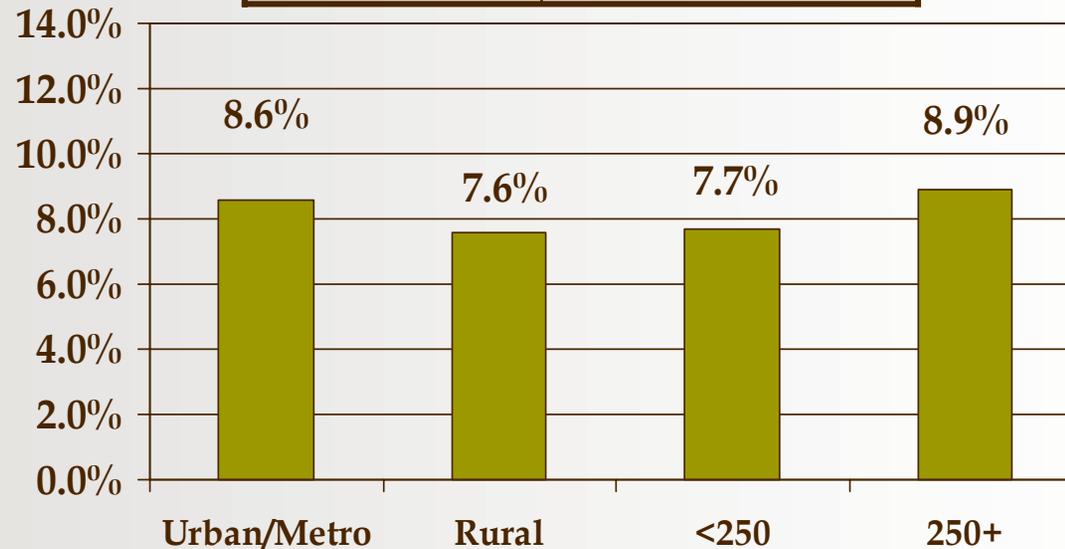
All Industries

# Average Health Insurance Rate Increases Reported in 2007

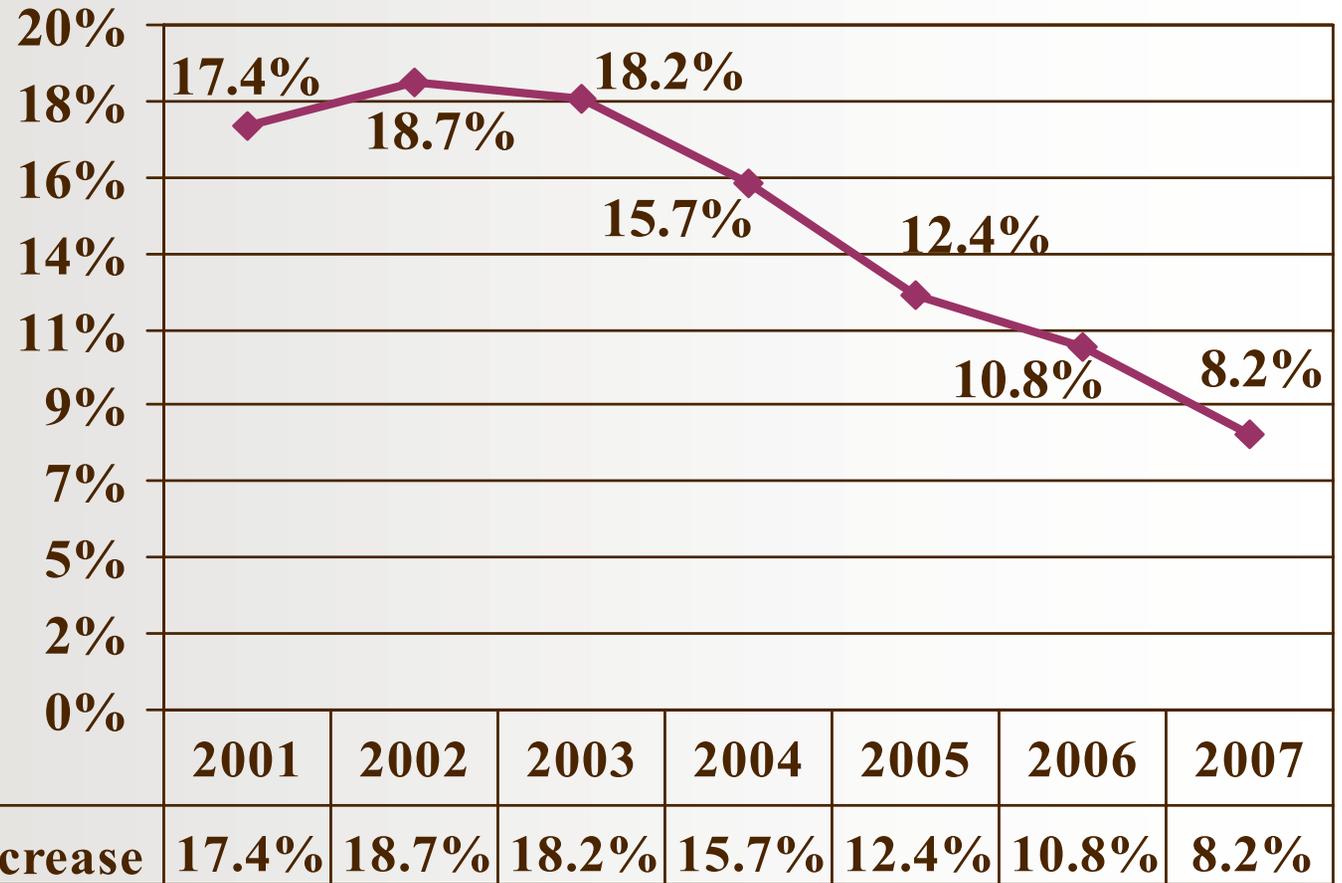
For All Employers, Regardless of Rate Direction

<i>Firm Size (Employees)</i>	<i>Average % Increase - 2007</i>
<b>10-19</b>	<b>12.3%</b>
<b>20-49</b>	<b>9.5%</b>
<b>50-249</b>	<b>5.8%</b>
<b>250-999</b>	<b>8.5%</b>
<b>1000+</b>	<b>9.5%</b>
<b>Overall</b>	<b>8.2%</b>

Rate Increases By Employer Location and Size

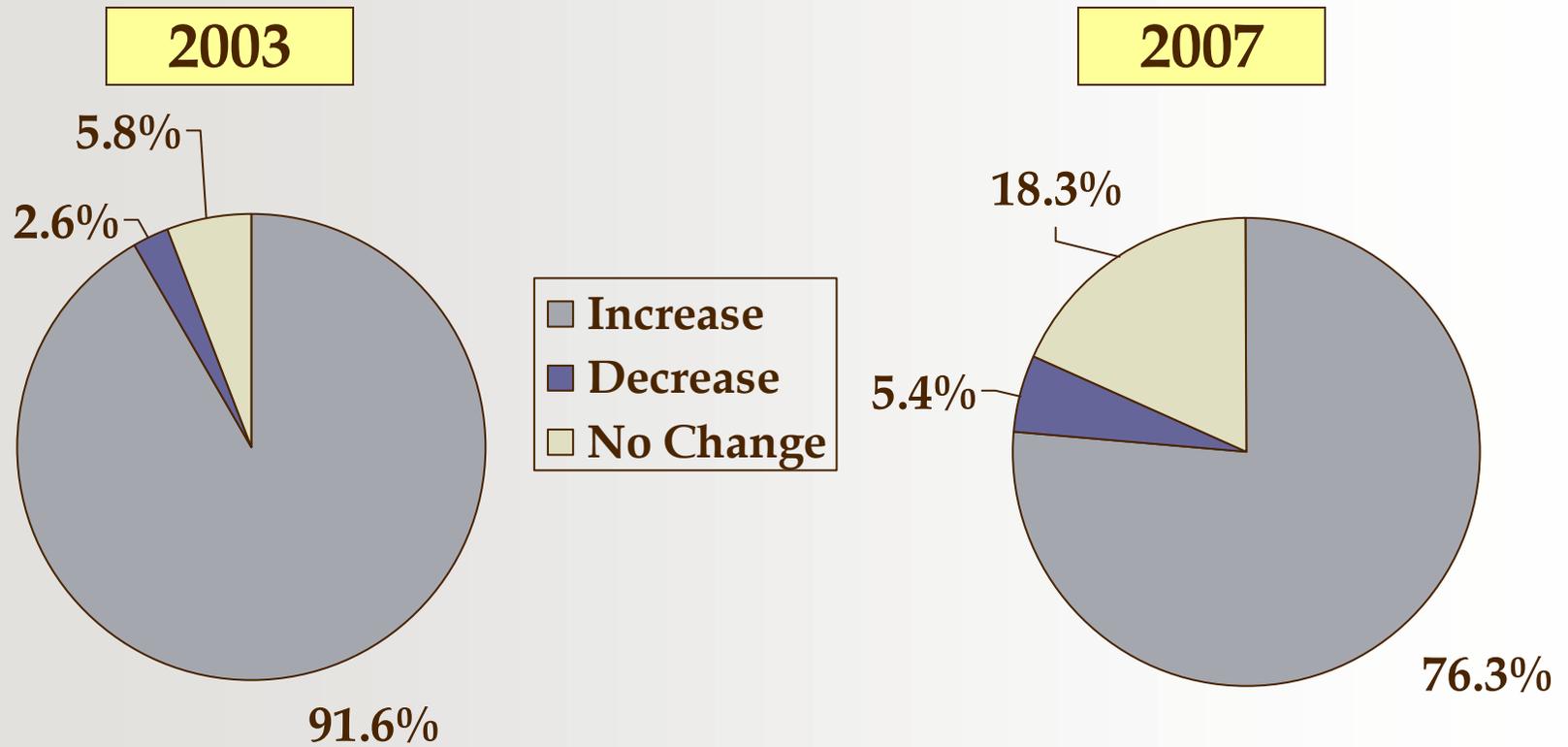


# Average Health Insurance Rate Increases 2001 to 2007



✦ 2005 - 2007 Include Employers Over 10 in Size  
(2001 to 2004 Include Employers Over 20)

# Average Health Insurance Rate Changes 2003 vs. 2007

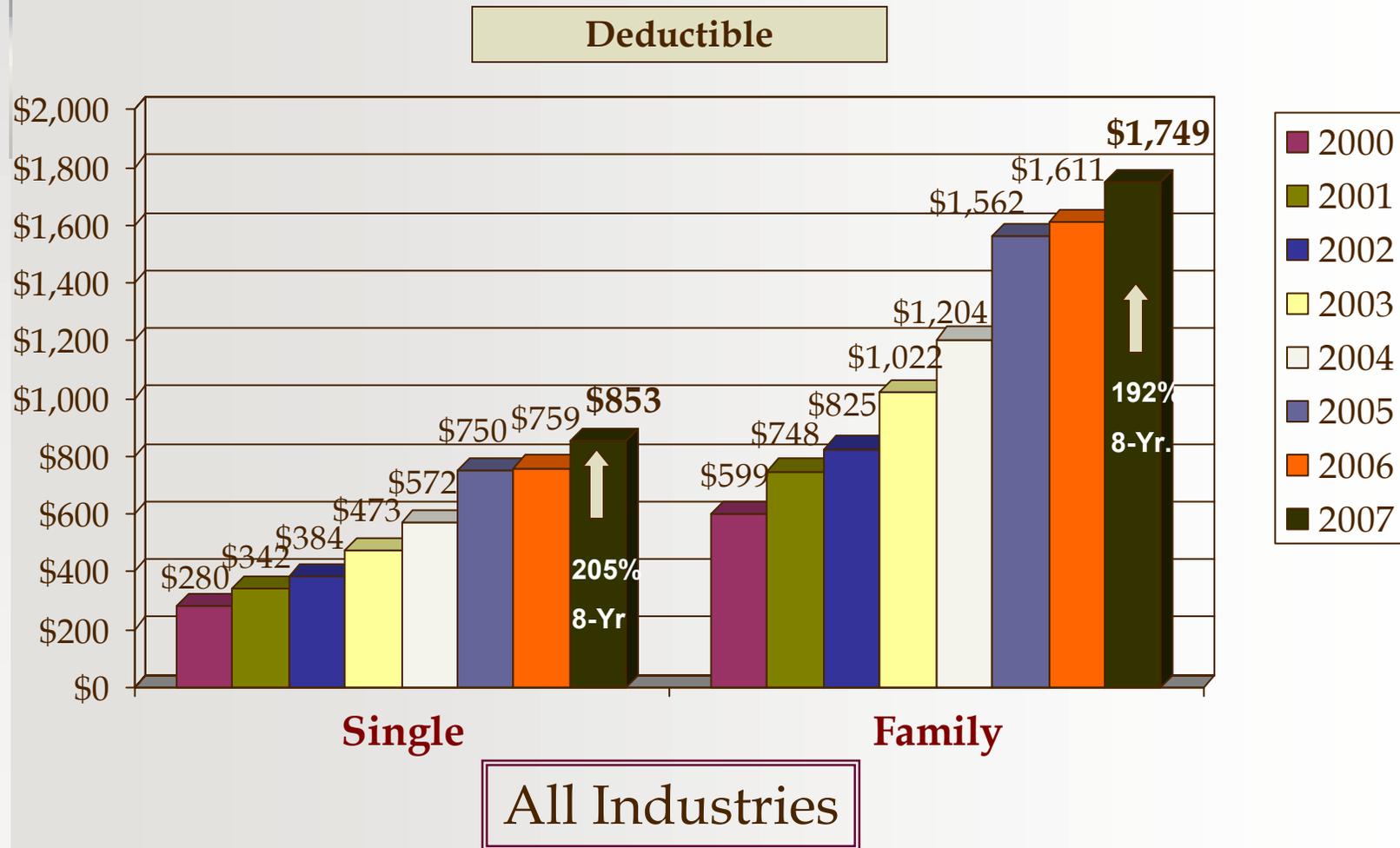




# Employer Responses to Health Insurance Rate Increases Reported in 2007

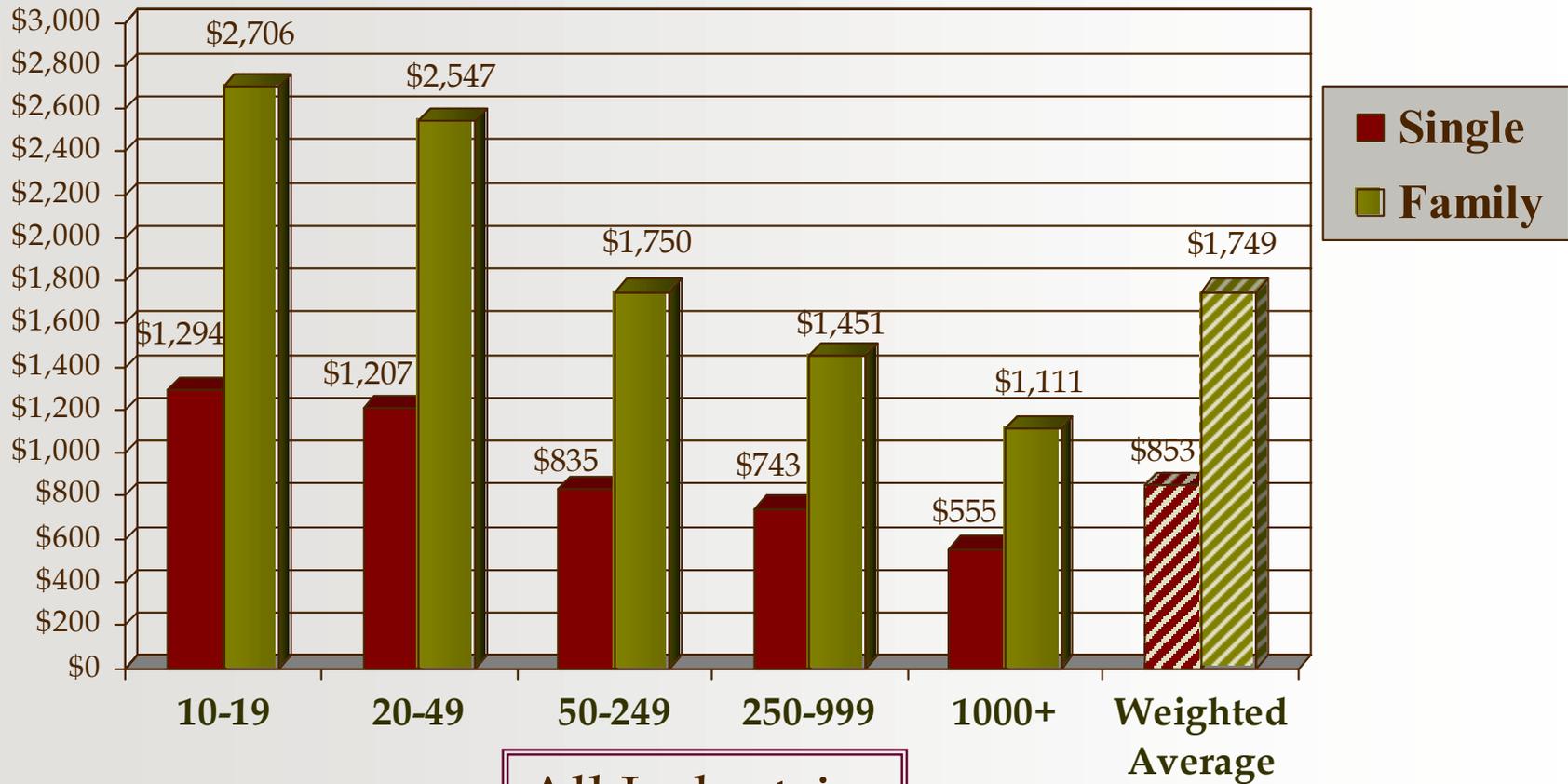
2007 % of Iowa Employers	Response (What they <i>did</i> do...)
48%	Increased Employee Contributions (through payroll deductions)
26%	Raised Deductibles
19%	Increased Office Copays
17%	Raised Out-Of-Pocket Maximums
17%	Increased Prescription Drug Copays
14%	Changed Insurance Companies
14%	Organization Absorbed the Entire Cost Increase
6%	Passed All Increased Costs On To Employees
4%	Reduced Pay Raises or Bonuses
3%	Began Surcharge for Employees Who Smoke
2%	Changed from a PPO to an HMO/POS Product
2%	Offered Internet Site With Personalized Health Information
2%	Began Surcharge for Covered Spouses
2%	Made Available Medical Provider Cost and Quality Info Via Internet
1%	Hired Fewer Newer Employees
1%	Postponed Capital Improvements
1%	Released Employee(s)
0%	Stopped Providing Health Insurance Coverage
24%	Other

# Medical Plan In Network Deductible (PPO)



# Medical Plan In Network Deductible (PPO)

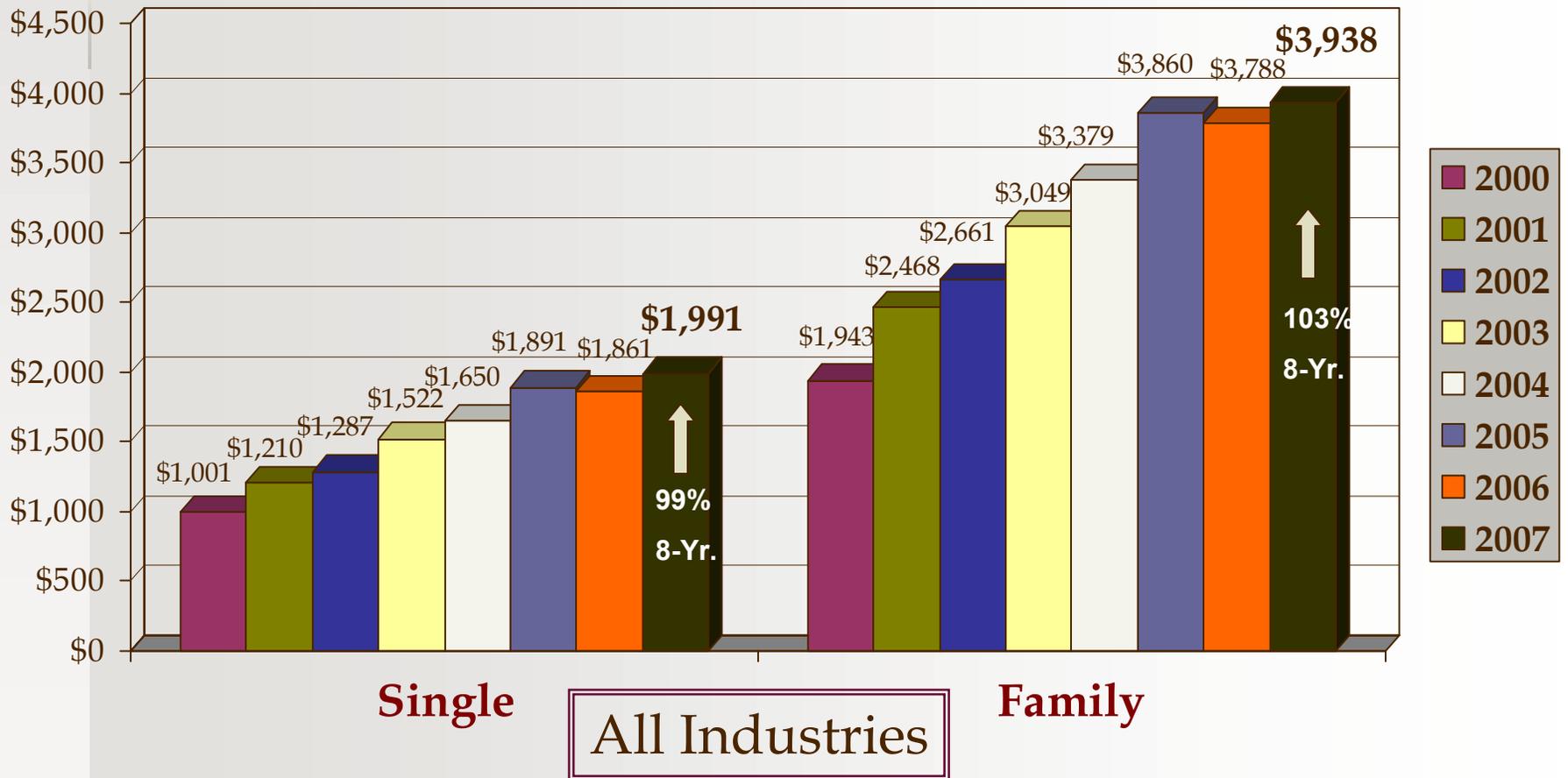
Deductible By Employer Size in 2007



All Industries

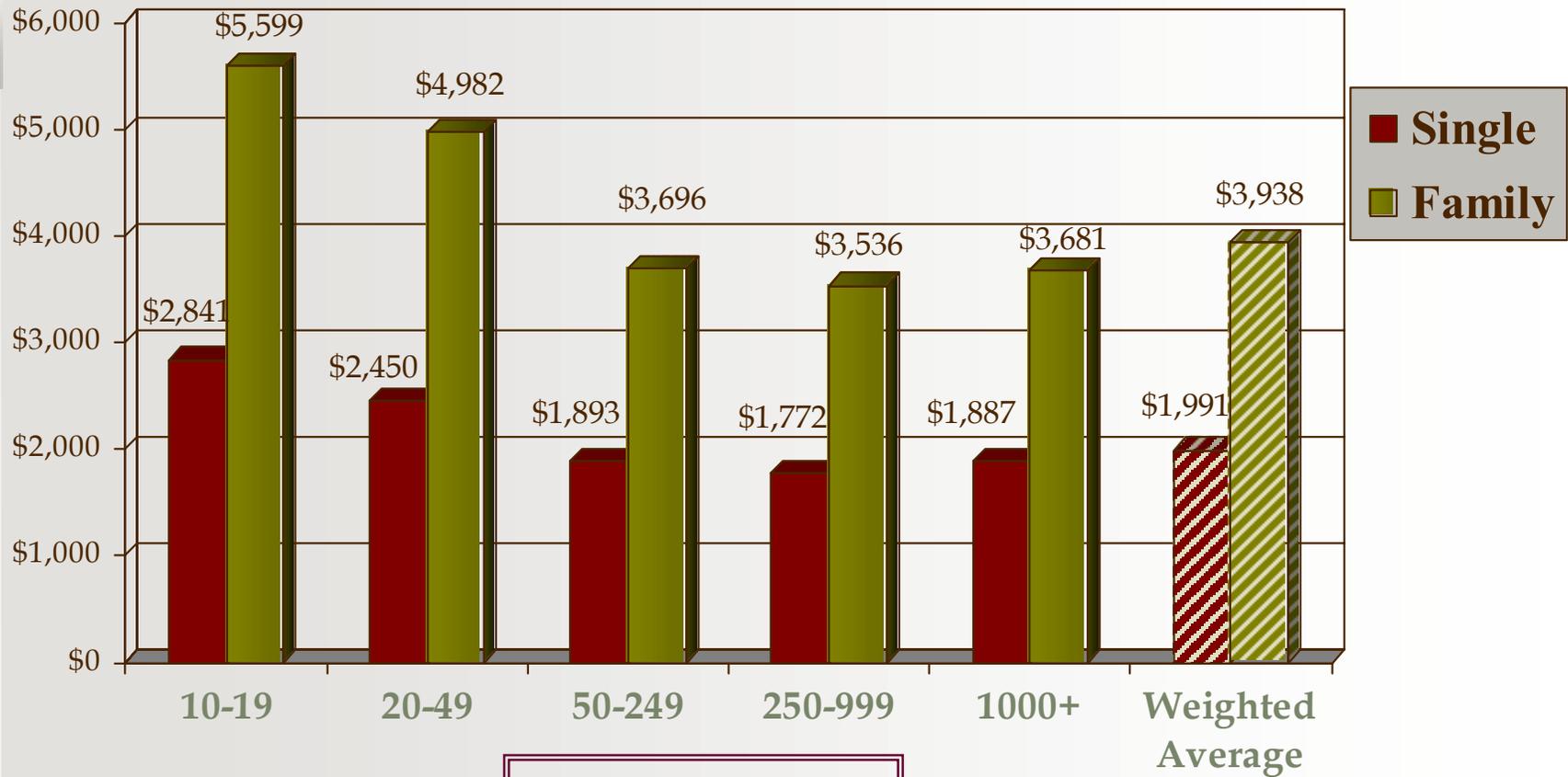
# Medical Plan In Network Out-of-Pocket Maximum (PPO)

Out-of-Pocket Maximum



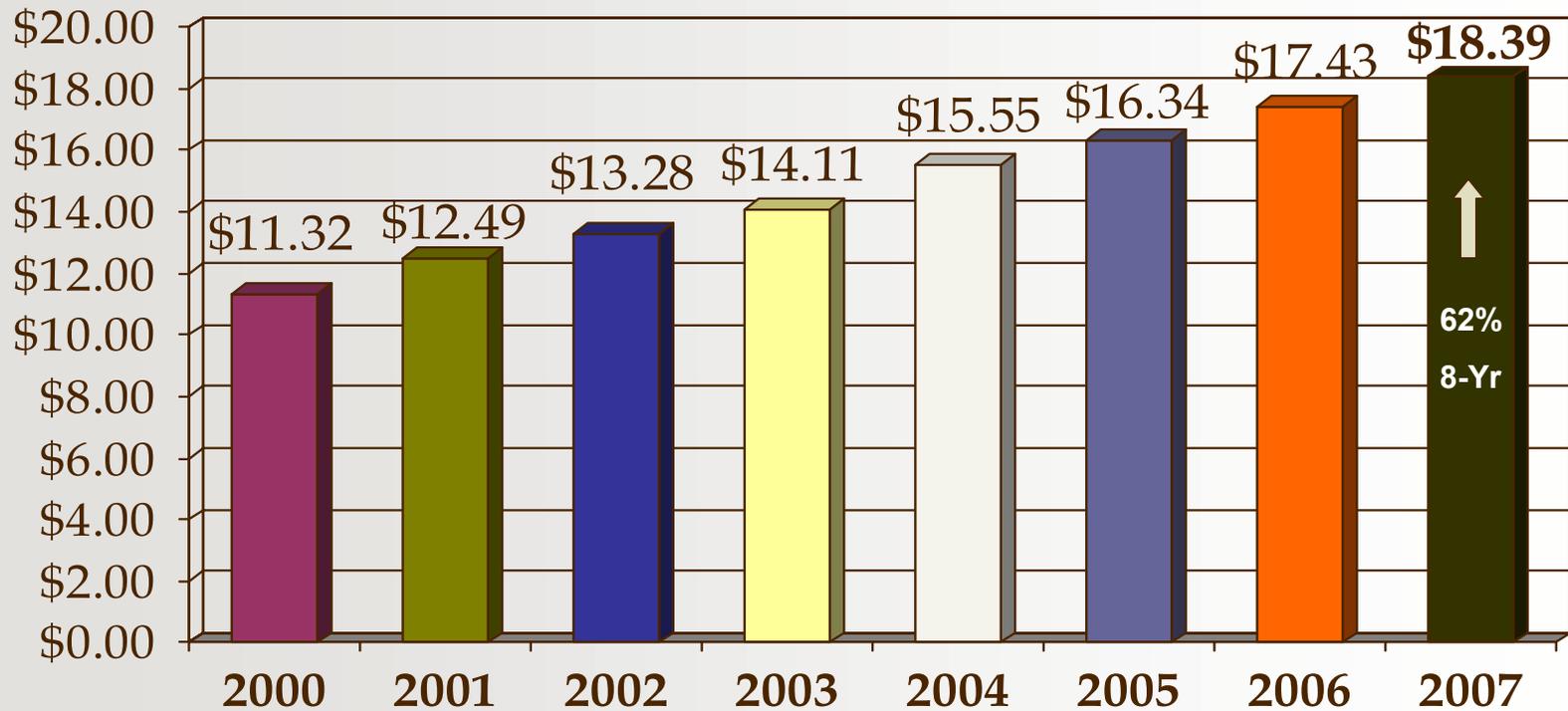
# Medical Plan In Network Out-of-Pocket Maximum (PPO)

Out-of-Pocket Maximum by Employer Size in 2007



All Industries

# Medical Plan Office Copays (PPO)



All Industries

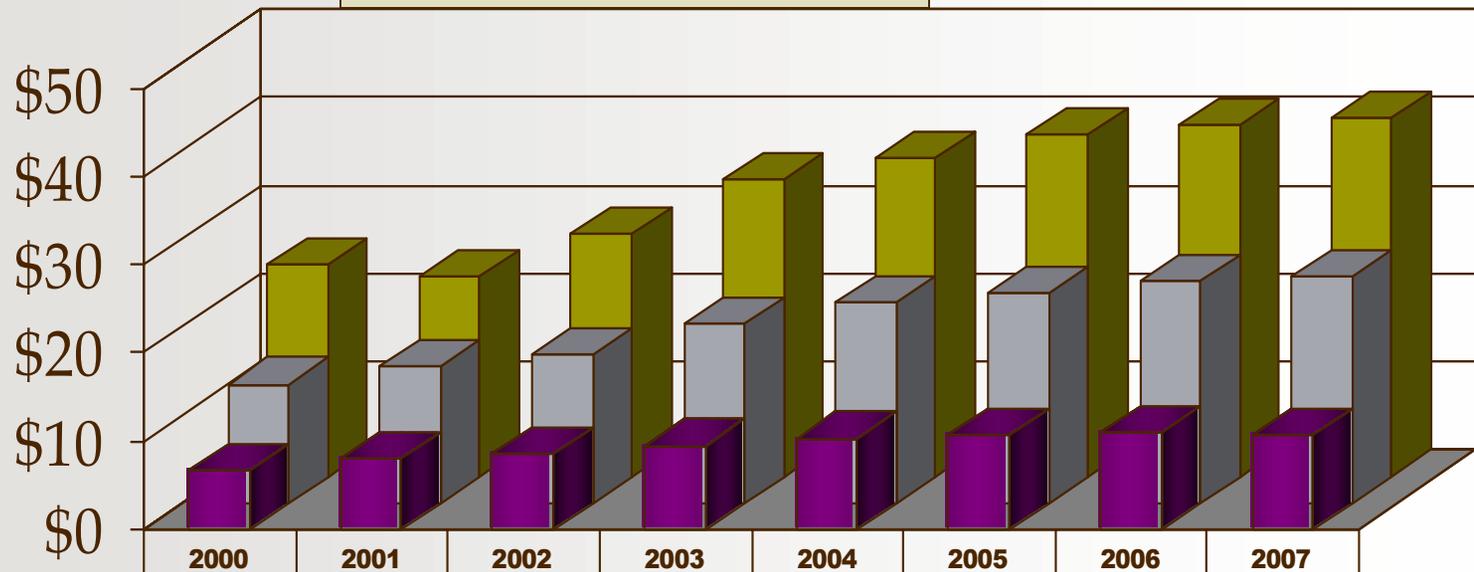
# Medical Plan RX Copays (PPO)

## 8 Year Copay Increases

Generic : 63%

Preferred, Brand Name: 87%

Non-Preferred, Brand Name: 70%

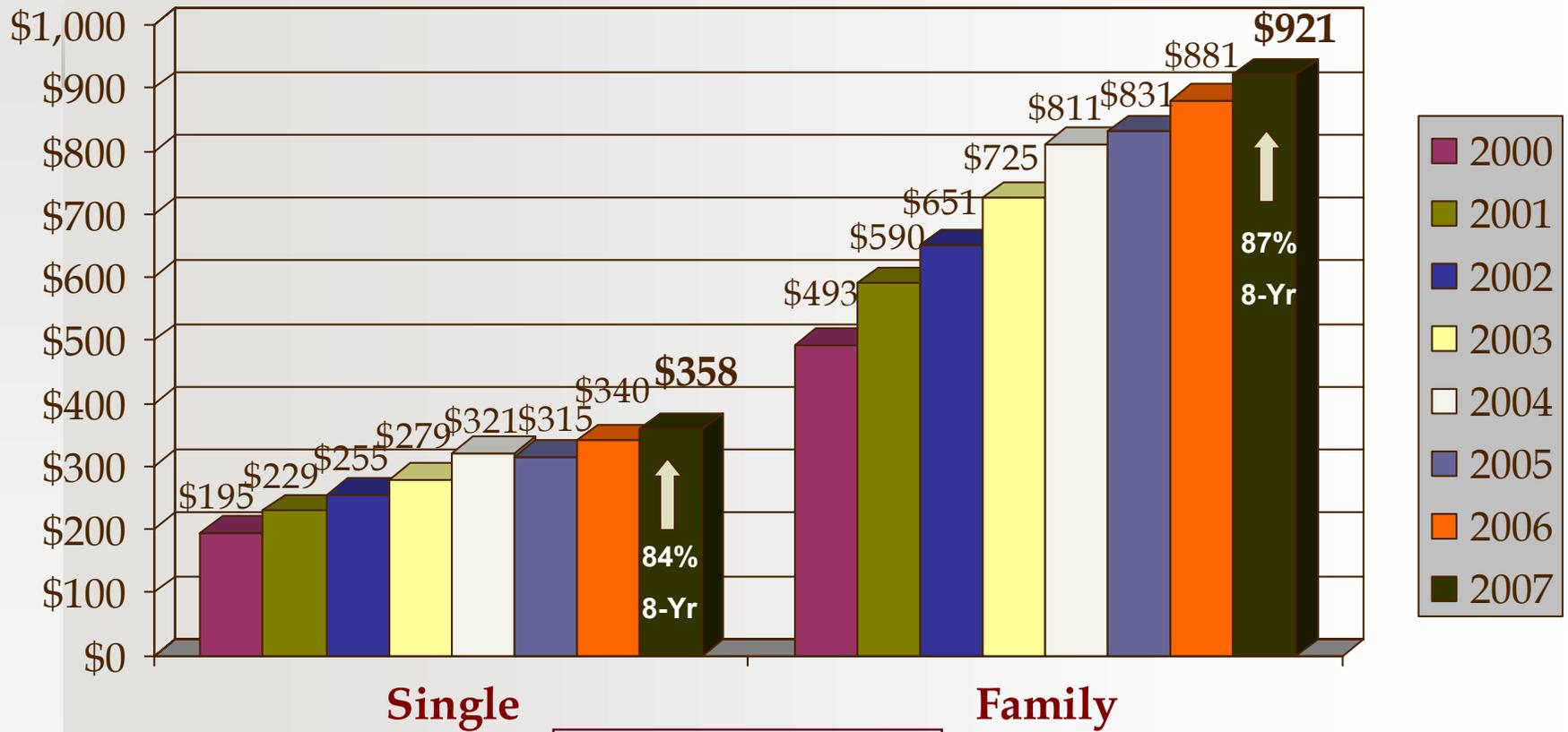


■ Generic	\$7	\$8	\$8	\$9	\$10	\$11	\$11	\$11
■ Preferred, Brand Name	\$13	\$15	\$17	\$20	\$23	\$24	\$25	\$26
■ Non-Preferred, Brand Name	\$24	\$23	\$27	\$34	\$36	\$39	\$40	\$41

All Industries

# Medical Plan Monthly Premiums (PPO)

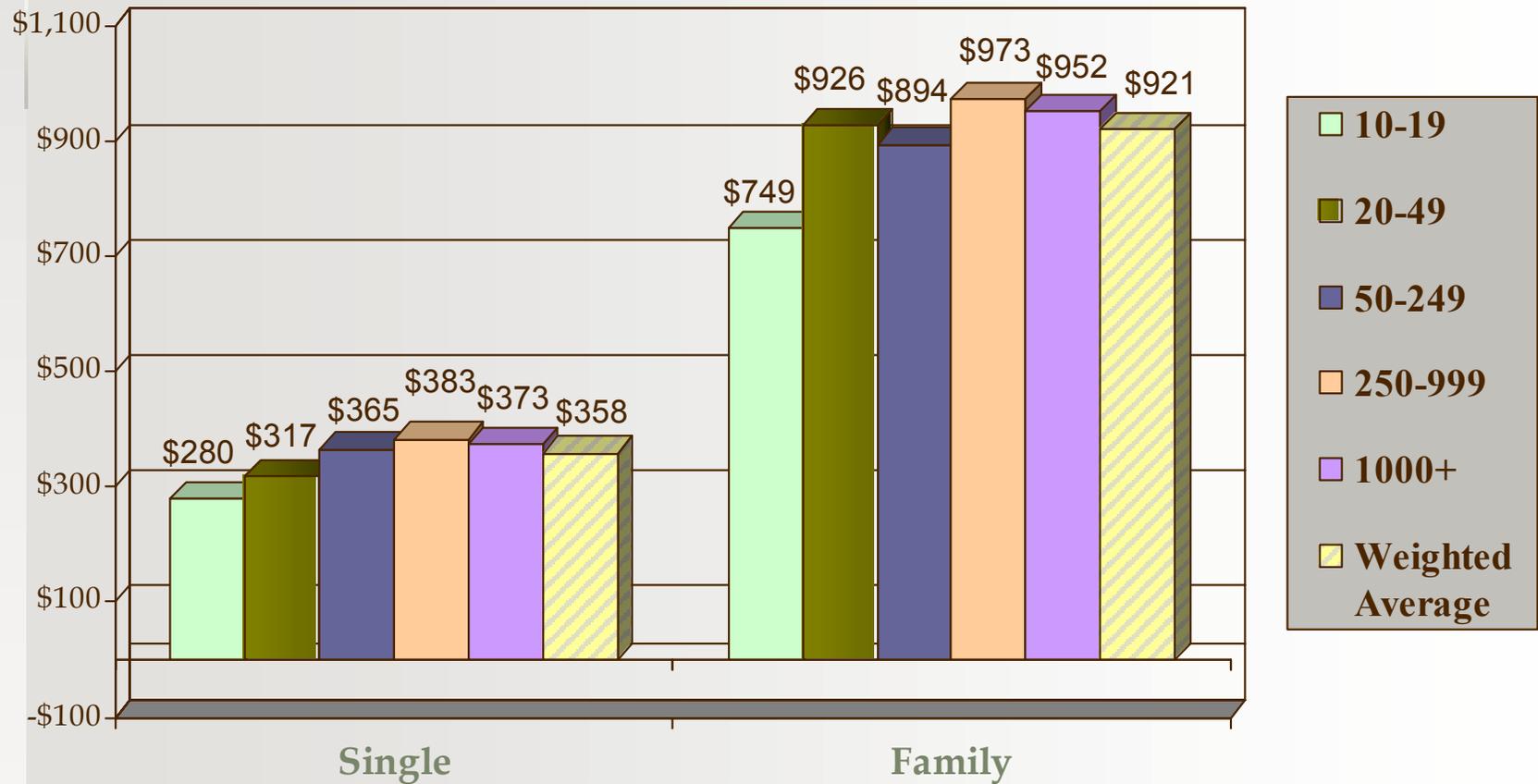
Monthly Premiums



All Industries

# Medical Plan Monthly Premiums (PPO)

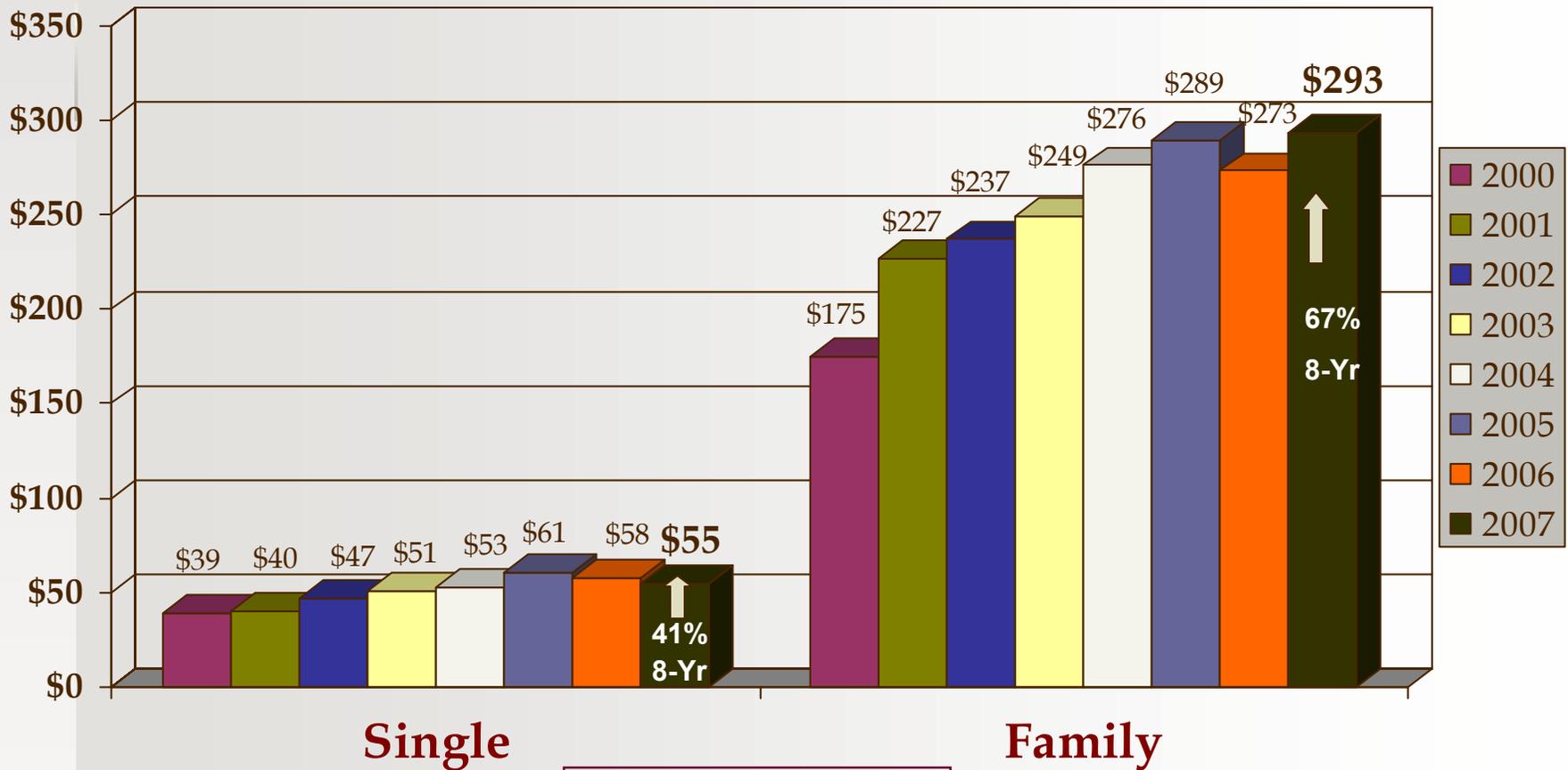
Monthly Premiums by Employer Size in 2007



All Industries

# Medical Plan Employee Contributions (PPO)

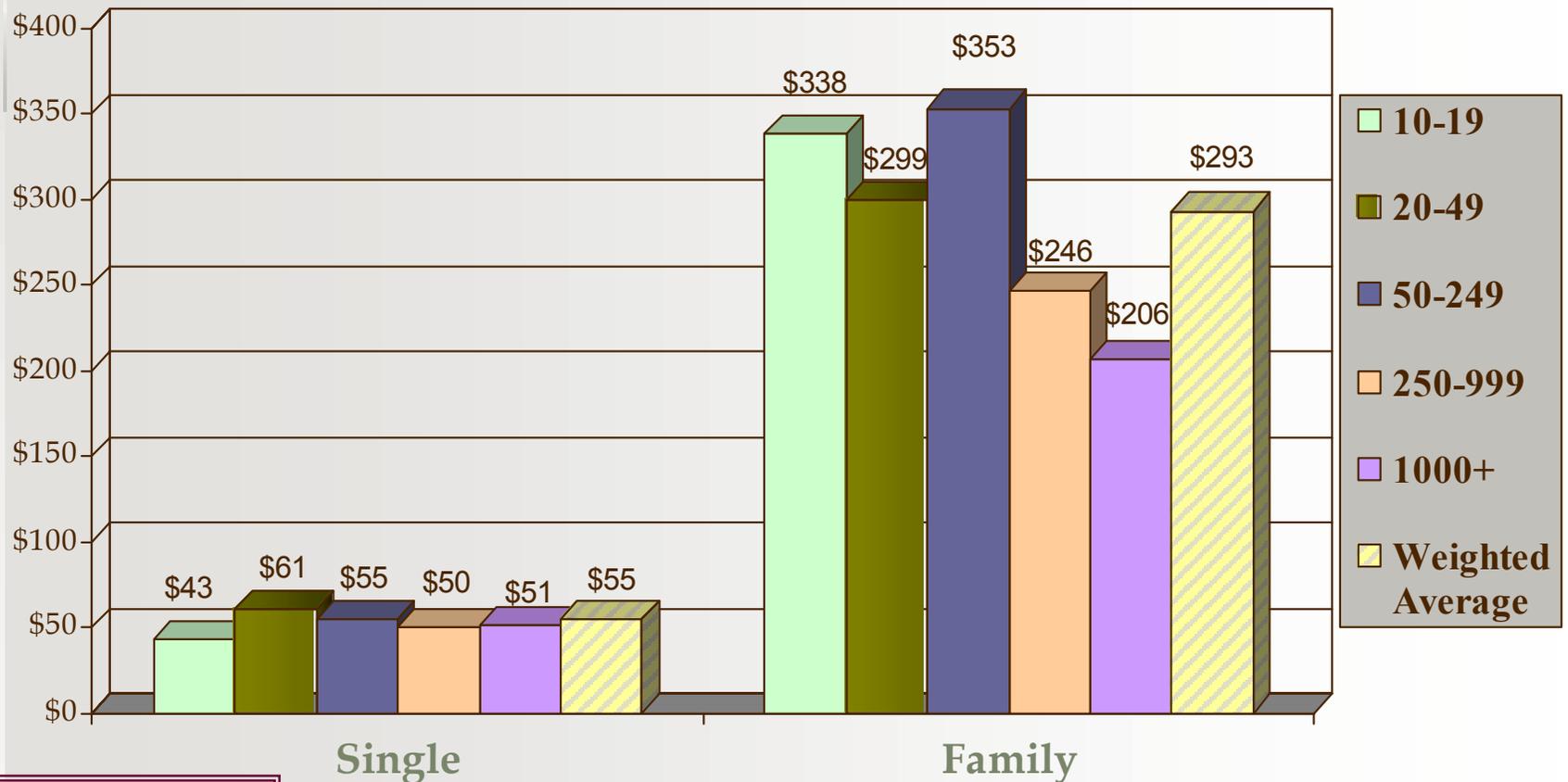
Employee Contributions



All Industries

# Medical Plan Employee Contributions (PPO)

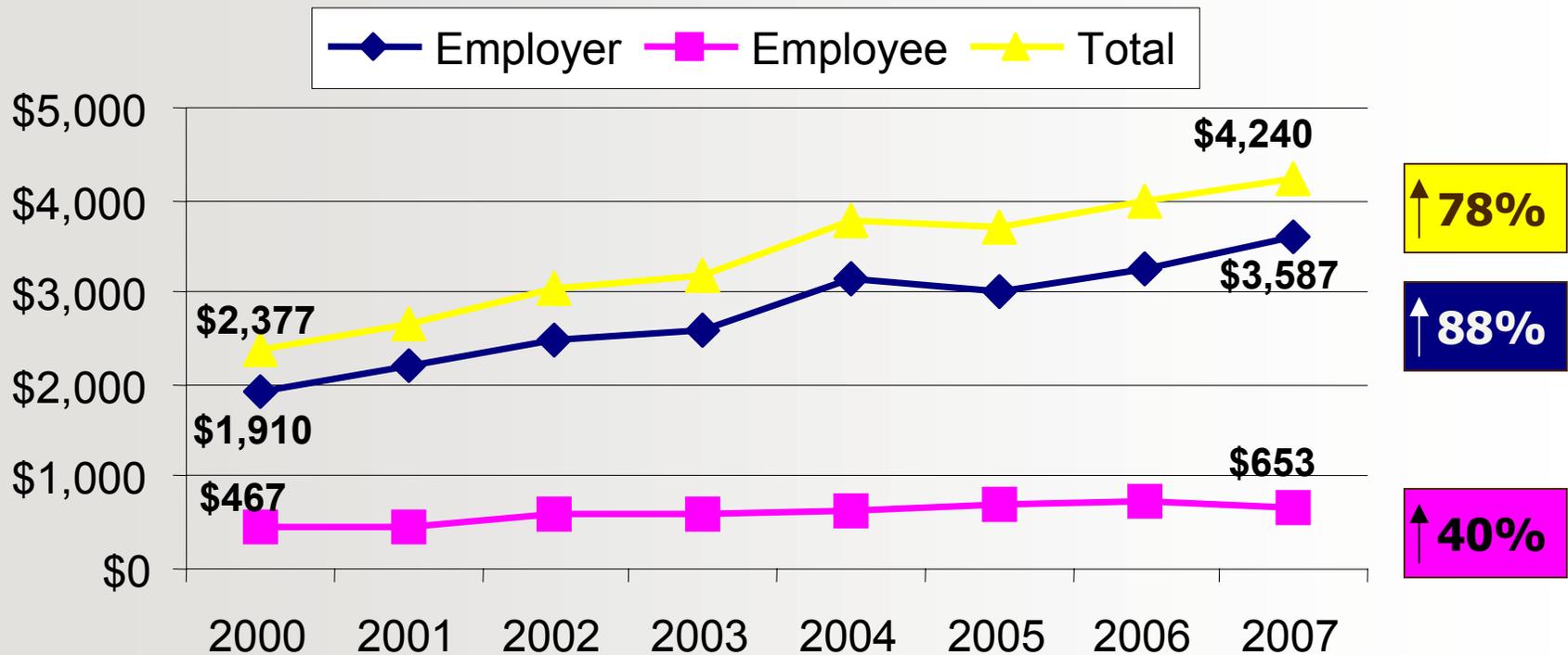
Employee Contributions by Employer Size in 2007



All Industries

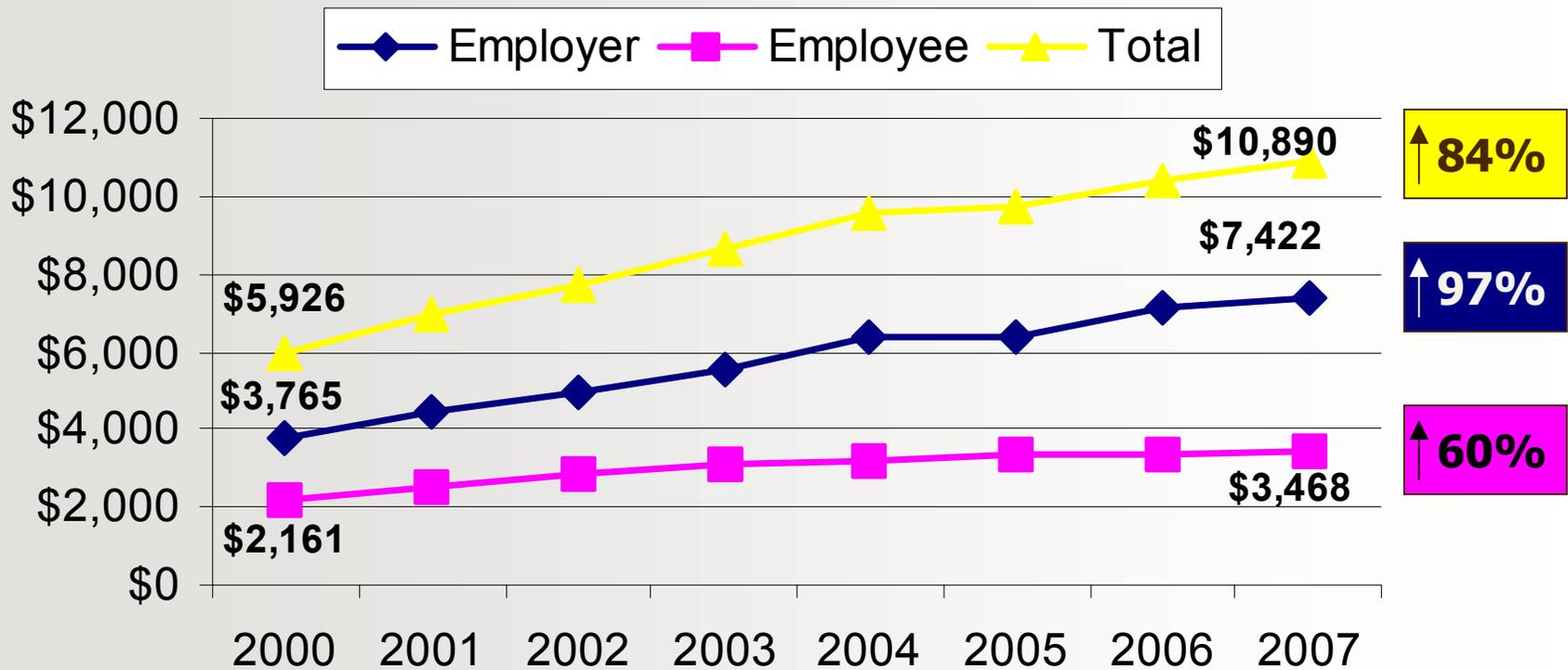
# All Medical Plans Combined

## History of Annual Single Medical Contributions



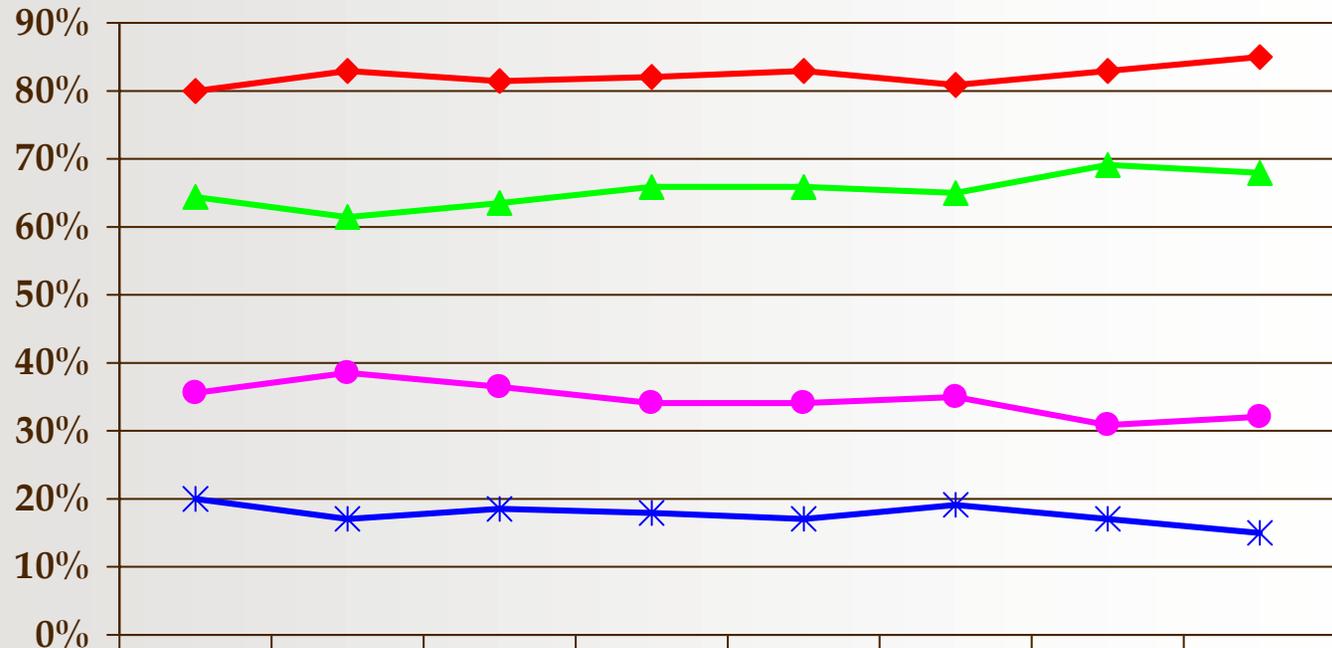
# All Medical Plans Combined

## History of Annual Family Medical Contributions



# Medical Plan PPO Plan Contributions

## Percentage of Monthly Premium Paid by Employer and Employee



		2000	2001	2002	2003	2004	2005*	2006*	2007*
<b>Employer</b>	ER Single	80.0%	83.0%	81.6%	82.0%	83.0%	81.0%	83.0%	85.0%
	ER Family	64.5%	61.5%	63.6%	66.0%	66.0%	65.0%	69.0%	68.0%
<b>Employee</b>	EE Single	20.0%	17.0%	18.4%	18.0%	17.0%	19.0%	17.0%	15.0%
	EE Family	35.5%	38.5%	36.4%	34.0%	34.0%	35.0%	31.0%	32.0%

\*2005,2006 & 2007 includes all employers over 10 employees in size.

# Health & Wellness Initiatives

Percentage of Employers Offering or Considering Wellness and/or Health Initiative Programs

	Currently Offer	Considering in Next 12 Months	Will <u>Not</u> Offer in the Next 12 Months
Medical Information (Website, Newsletter, etc.)	57%	12%	17%
Blood Pressure Screening	32%	9%	29%
Cholesterol Screening	31%	9%	31%
Health Club Discount/Reimbursement	29%	4%	35%
Health Risk Assessment Program	23%	13%	32%
Smoking Cessation Programs	24%	12%	33%
Chronic Disease Management Programs	26%	8%	32%
Weight Control Programs	19%	10%	36%

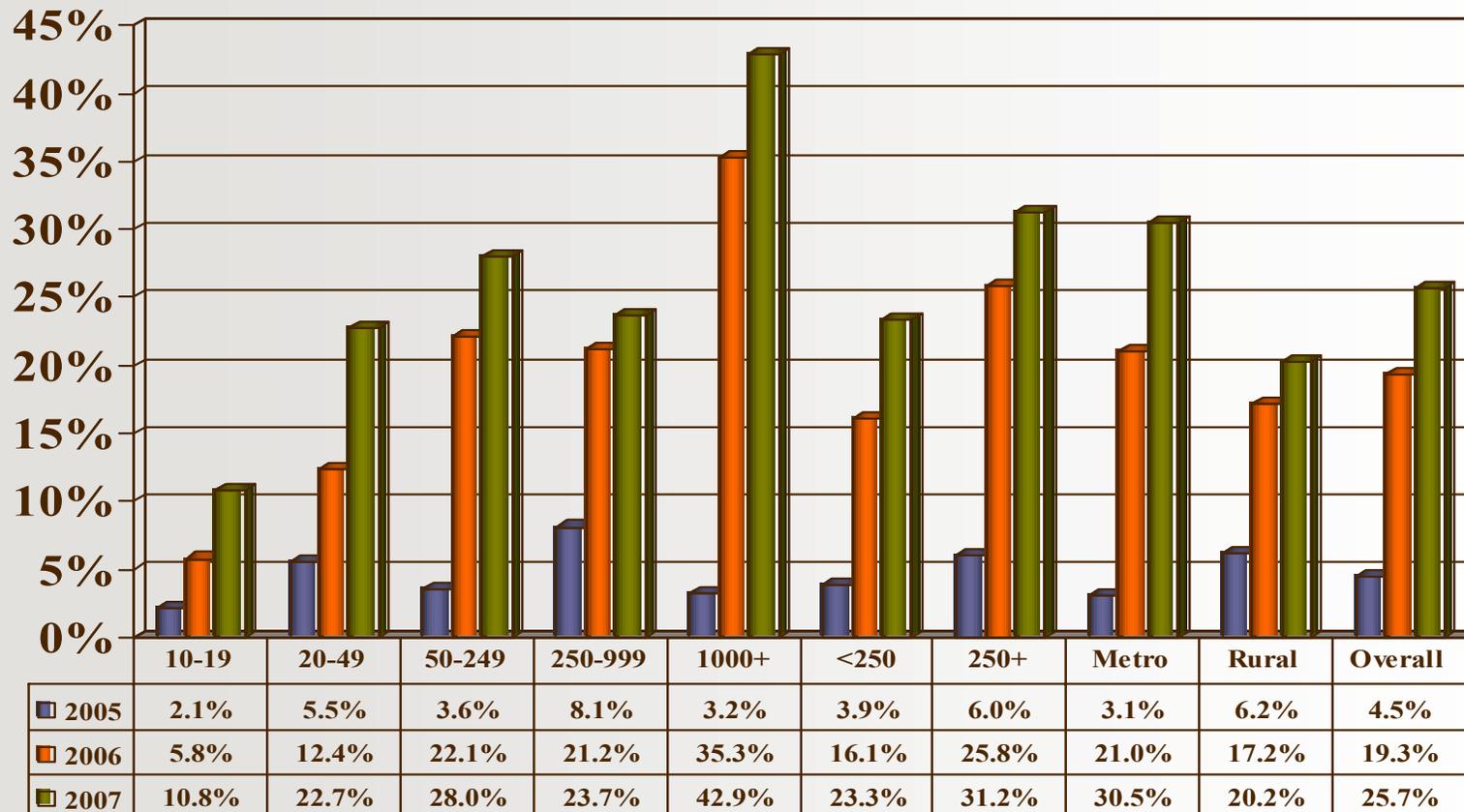
# Consumer-Driven Health Plans

## Consumer-Driven Health Plan (CDHP)

### Core CDHP features:

- Consumers have more control over spending of their healthcare dollars.
- Higher deductible is often combined with a tax-free personal health spending account.
- Personal health spending accounts include health reimbursement arrangements (HRAs) or health savings accounts (HSAs)

# Consumer Driven Health Care Percentage of Employers Offering an HRA or HSA



Employer Size

All Industries

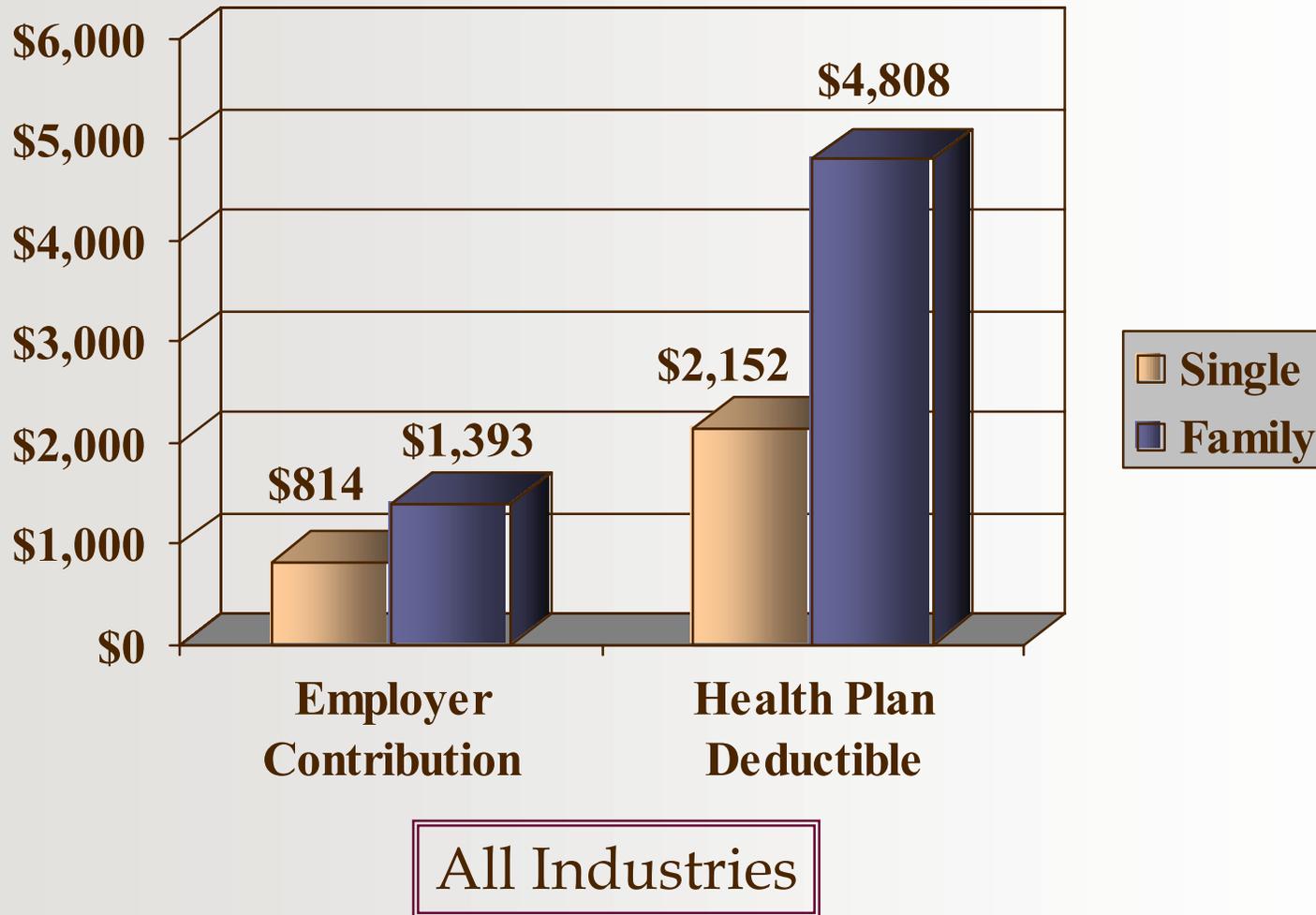
# Consumer Driven Health Plans 2007 HRA Plan Components



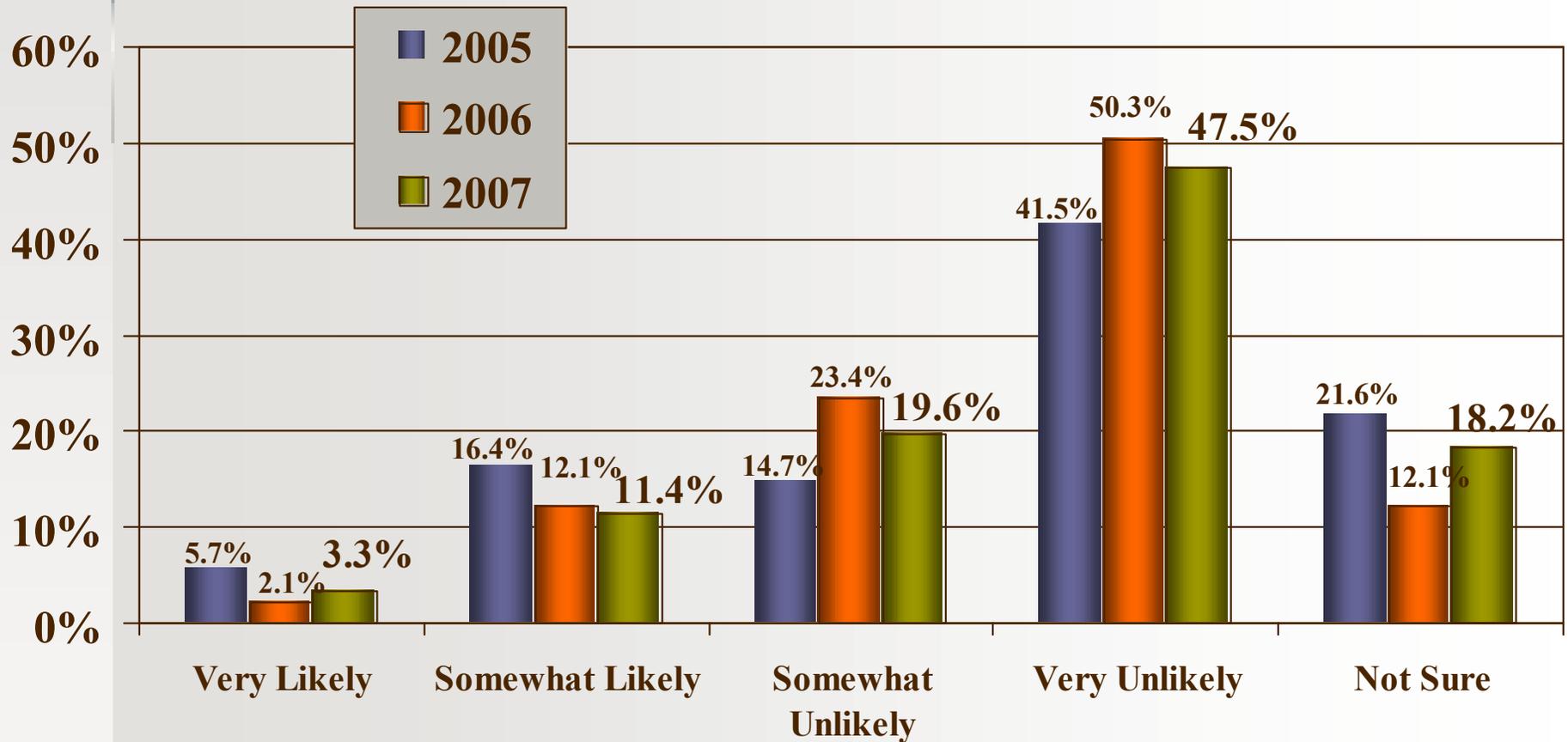
# Consumer Driven Health Plans

## 2007 HSA Plan Components

57% of Employers Jointly Fund the HSA with Employees  
38% of Employers Require Employees to Fund the HSA  
5% of Employers Fully Fund the HSA



# Consumer Driven Health Plans (CDHP) Likelihood of Changing to a CDHP within 12 Months



All Industries



# Questions?

**Contact DPL&A At:**

**(800) 821-5463**

**or**

**David@dplaconsulting.com**